



Farmers and Merchants Bank of Long Beach
Stephanie A. Buonopane, First Vice President
Compliance Department
302 Pine Avenue
Long Beach, CA 90802

Board of Governors of the Federal Reserve System
Ann E. Misback, Secretary
20th Street & Constitution Avenue NW
Washington, DC 20551

November 3, 2020

Re: Docket No. OP-1720; Loans in Areas Having Special Flood Hazards; Interagency Questions and Answers Regarding Flood Insurance

Dear Ann E. Misback:

On behalf of Farmers and Merchants Bank of Long Beach ("F&M"), thank you for the opportunity to submit this comment in response to the Interagency request for comment on the proposed Interagency Questions and Answers Regarding Flood Insurance.

F&M is a regional bank headquartered in Southern California with over \$9 billion in assets, offering a broad range of consumer and business products and services including, but not limited to, demand deposit and time accounts, online banking, safe deposit boxes, escrow services, credit cards, residential mortgages, home equity lines of credit, and commercial real estate loans.

To better serve our clients and help ensure our compliance with the flood insurance requirements, Questions and Answers or clarification regarding the following would be most appreciated:

- III. Coverage – NFIP/Private Flood Insurance; Coverage 3. When does mandatory flood insurance on a designated loan need to be in place during the closing process?: Including examples in this Q&A would be helpful.
- VIII. Determining the Appropriate Amount of Flood Insurance Required: Information identifying options for determining the insurable value for contents coverage would be helpful.
- XI. Flood Insurance Requirements for Home Equity Loans, Lines of Credit, Subordinate Liens, and Other Security Interests in Collateral (Contents) Located in an SFHA; Other Security Interests 9. Does the Regulation apply when the lender takes a security interest in improved real estate and contents located in an SFHA only as an "abundance of caution"? It would be helpful if the Q&A provided further clarification with regard to the documentation that determines whether contents are taken as security for the loan. For example, "The language in the loan agreement, and not the UCC-1 or Deed of Trust determines whether the contents are taken as security for the loan."

- XV. Force Placement of Flood Insurance; Force Placement 11. What documentation is sufficient to demonstrate evidence of flood insurance in connection with a lender's premiums paid by a borrower for force-placed insurance during any period of overlap with borrower purchased insurance?: Details regarding how financial institutions should handle situations when the borrower submits documentation that meets the regulatory standard but the coverage itself is not adequate or cannot be determined would be helpful. For example, in the scenarios below should the financial institution terminate the force-placed insurance and send a new 45-day notice?
 - The financial institution force-placed insurance and the borrower submits an insurance policy declarations page that includes the existing flood insurance number and the identity of, and contact information for the insurance company or its agent yet the coverage amount is insufficient; or
 - The financial institution force-placed insurance and the borrower submits an insurance policy declarations page that includes the existing flood insurance number and the identity of, and contact information for the insurance company or its agent yet the documentation pertains to a private flood insurance policy and additional documentation is necessary to determine if the policy meets the regulatory requirements.

Thank you in advance for your consideration of our comments.

Sincerely yours,
FARMERS AND MERCHANTS BANK

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